United Nations S/2002/1376

Security Council

Distr.: General
19 December 2002

Original: English

Report of the Security Council Mission to Kosovo and Belgrade, Federal Republic of Yugoslavia

14-17 December 2002

I. Terms of reference of the Mission

1. At the invitation of the Special Representative of the Secretary-General in Kosovo, Michael Steiner, the Security Council decided to send a mission there, as conveyed to the Secretary-General by the President of the Council in his letter of 21 November 2002 (S/2002/1271). The visit took place from 13 to 17 December 2002. Earlier Council missions to Kosovo took place in April 2000 (see S/2000/363) and June 2001 (see S/2001/600).

2. The Mission had the following objectives:

(a) To find ways to enhance support for the implementation of Security Council resolution 1244 (1999) and the work of the United Nations Interim Administration Mission in Kosovo (UNMIK) to this end;

(b) In this context, to observe the operations of UNMIK and the situation on the ground, and specifically to obtain an update on Mr. Steiner's benchmarks, including the rule of law, the rate of sustainable return and the privatization agenda; in addition, to discuss the challenges faced by UNMIK, particularly the follow-up to the local elections, decentralization and the situation in Mitrovica; and report its conclusions to the Security Council;

(c) To convey a strong message to the provisional institutions for self-government, local leaders, the newly elected municipal officials and all others concerned, about the need to:

(i) Use the opportunity created by the local elections to move forward with the decentralization process and to further develop democratic institutions;

(ii) Promote inter-ethnic reconciliation and inclusion;

(iii) Reject all violence and condemn extremist and terrorist activities;

(iv) Ensure public safety and order, promote stability and security;

(v) Support the full and effective implementation of Security Council resolution 1244 (1999) and fully cooperate with UNMIK and the international security presence to these ends;

(d) Explore ways to enhance cooperation between UNMIK and the authorities of the Federal Republic of Yugoslavia on the basis of the UNMIK-Federal Republic of Yugoslavia Common Document of 5 November 2001, and the opportunities for increased cooperation between Pristina and Belgrade;

(e) Look at the impact of the regional situation on the work of UNMIK.

II. Composition of the Mission

3. Ambassador Ole Peter **Kolby** (Norway) (Head of Mission)

Ambassador Stefan **Tafrov** (Bulgaria)

02-74648 (E) 201202

Ambassador Jagdish Dharamchand **Koonjul** (Mauritius)

Ambassador Adolfo **Aguilar Zinser** (Mexico)

Ambassador Gennady M. **Gatilov** (Russian Federation)

Ambassador Adam **Thomson** (United Kingdom of Great Britain and Northern Ireland)

Ambassador Richard S. **Williamson** (United States of America)

Counsellor Paul **Ekorong à Dong** (Cameroon)

Minister Counsellor **Chen** Xu (China)

Minister Counsellor José Renato **Salazar** (Colombia)

First Counsellor Emmanuelle **d'Achon** (France)

Counsellor Paul Goa **Zoumanigui** (Guinea)

Counsellor John Paul **Kavanagh** (Ireland)

Brigadier General **Yap** Ong Heng (Singapore)

First Secretary Milad **Atieh** (Syrian Arab Republic)

III. Activities of the Mission and summary of meetings

4. *Upon arrival in Pristina on 14 December 2002, the Mission received a briefing by the Special Representative of the Secretary-General*, as well as briefings by the Principal Deputy Special Representative and Deputy Special Representatives of the UNMIK pillars, police and justice (United Nations), civil administration (United Nations), institution-building (Organization for Security and Cooperation in Europe (OSCE)) and economic reconstruction (European Union).

5. The Special Representative of the Secretary-General stated that Kosovo had made notable progress over the past three years, with important developments occurring in the last six months. The overall improvement in the security situation was illustrated by a 27 per cent decrease in the crime rate. In 2002, for the first time, the inflow of minority returns to Kosovo exceeded the outflow; the second round of municipal elections had been conducted in an orderly and peaceful manner; UNMIK had extended its authority to the northern part of Mitrovica; the process of privatizing socially owned enterprises had begun; the transfer of the remaining Kosovo Albanian prisoners from Serbia proper had taken place; and the provisional institutions of self-government had been established. Kosovo had 105 commercial bank offices and a functioning social service, with 70,000 payments having been made through the basic pension scheme in November 2002 alone.

6. The Special Representative of the Secretary-General pointed out that Kosovo has a multi-ethnic Assembly and Government to which UNMIK had begun the process of transferring responsibilities and gradually moving from direct administration (with the exception of the responsibilities reserved to the Special Representative of the Secretary-General) to advising and monitoring these fledgling institutions, which still needed to be consolidated and strengthened. In order to assist local authorities in taking full responsibility under the Constitutional Framework, UNMIK was continuing capacity-building programmes, including training for the police and local judiciary. In this context, UNMIK was trying to ensure that the provisional institutions remain within, and fully respect, the Constitutional Framework. There had been some tension with the local leaders who wanted further responsibilities delegated to them. Among the problems encountered were attempts by the Kosovo Assembly to go beyond its mandated powers and not fully comply with all the provisions of the Constitutional Framework, particularly with regard to minority interests. The Assembly had passed six laws, of which two were promulgated by the Special Representative of the Secretary-General, two were pending and two were rejected on the grounds that the Kosovo Assembly had overstepped its powers in the areas of foreign policy and minority rights. The Special Representative had used protection mechanisms with regard to the higher education law and his authority to appoint minority judges and prosecutors.

7. The recent municipal elections had been successful and produced changes in the political landscape at the local level. Kosovo Serbs had participated for the first time in elections at the municipal level, albeit in small numbers in areas where they did not constitute a majority, resulting in a power shift in some municipalities. In the northern part of Mitrovica, there had been a virtual boycott of the ballot. The implementation of the election results was

ongoing, and had seen minority community representatives in some areas being brought in as coalition partners alongside the majority parties. The percentage of women in municipal assemblies had increased from 8 to 29 per cent.

8. UNMIK still retained certain responsibilities in the municipalities, which were carried out by the Civil Administration pillar. With reductions in its budget (18 per cent less than the previous year's funding), UNMIK was adjusting to face the new budget realities. Accordingly, it had accelerated reductions in the Civil Administration pillar, cutting staff by 50 per cent and projecting a further 40 per cent reduction in the next year. Therefore, by the end of the fiscal year, UNMIK would retain only minimal monitoring capabilities in the municipalities, which might in turn limit its ability to ensure management controls and inter-ethnic fairness at the municipal level.

9. Promoting returns, combating organized crime, and developing the economy remained the main priorities and challenges. UNMIK had focused on creating the conditions for sustainable and voluntary return of minorities to Kosovo. A turning point had been reached in 2002, when the inflow of people to Kosovo outpaced the outflow. Increased donor funding for return projects was necessary to support further progress in 2003. Providing internally displaced persons with information relating to the conditions for return, and establishing an appropriate infrastructure, such as education, social services, employment and income-generating projects, were ongoing. However, the situation remained fragile, as ethnically motivated incidents and vandalism hampered the return process. While the continuous engagement of the Kosovo Force (KFOR) in providing a safe and secure environment was still necessary, the main challenge was not in keeping a physical peace but rather "mental peacekeeping". The majority should take responsibility for the well-being of minorities and minorities should integrate and participate in the institutions established under resolution 1244 (1999).

10. A secure environment was not just a precondition for minority return but also for investment in Kosovo. Inhabitants of Kosovo were focusing more and more on the economy as the security situation became relatively safer. The high level of unemployment, about 56 per cent, remained a challenge. Kosovo had entered into the stage of long-term economic development, including the initiation of the privatization process. The power situation remained unstable despite significant progress in restoring the electrical capacity that had been lost as a result of the lightning strike in July. An increased demand for electricity and non-payment of electricity bills exacerbated the issue. The application of a tough disconnection policy increased the collection of bills from less then half to 80 per cent.

11. The recent appointment of 11 Kosovo Serb judges and prosecutors signalled a major step forward in the establishment of a multi-ethnic judiciary. The extended length of pre-trial detention, due to the time necessary for translation, remained a problem. UNMIK explained, in response to questions from the Mission, that a number of cases of war crimes had come to trial in Kosovo in 2002 in accordance with the responsibilities of UNMIK in this area. Should the International Tribunal for the Former Yugoslavia issue a warrant against a person in Kosovo, UNMIK would make the necessary arrests. The reasons for such arrests should be explained to the general public in simple terms, making clear that such arrests were directed against individual suspects and not against communities or institutions.

12. The Kosovo Police Service (KPS), now more numerous than UNMIK police, played an increasingly important role in providing law and order in Kosovo. Currently, one police station was being run solely by KPS. KPS had also established itself as a legitimate police service in the north. The recruitment of KPS officers in the north of Kosovo, however, continued to face opposition from elements in the Kosovo Serb population. Organized crime remained a challenge. The Kosovo Organized Crime Bureau had become more operational, contributing to anti-crime efforts. Cooperation in the region with Albania, Serbia proper and the former Yugoslav Republic of Macedonia would assist in the fight against organized crime.

13. UNMIK relations with Belgrade had improved. The Kosovo Government would soon be represented in the High-Ranking Working Group as a full member. Direct dialogue between Belgrade and Pristina had not yet started. Such a dialogue on practical matters of common concern was a necessity.

14. One of the main challenges following the establishment of the provisional institutions was managing the aspirations of the Kosovo Albanians for independence and staving off challenges to the authority of UNMIK during the interim period. For

example, despite the ambitions of some members of the Kosovo Protection Corps (KPC), UNMIK remained committed to KPC's status as a civil emergency agency with no military or security functions. It had been clearly stated that Kosovo's status remained open and Security Council resolution 1244 (1999) was the only guideline for UNMIK. The Security Council would determine the future status and no party had a right to prejudge it.

15. The Special Representative of the Secretary-General stated that Kosovo no longer saw itself as an "island". Regional cooperation was improving. Solutions that might lead to a mono-ethnic Kosovo were not an option, as this might have repercussions, causing a chain reaction throughout the region, primarily in the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina. Nor was partition an option.

16. In order to manage this critical interim period and measure progress and setbacks in Kosovo, UNMIK had introduced the benchmark concept. This approach is supported by the Security Council. UNMIK was now in the process of operationalizing the benchmarks by defining specific indicators and, starting in January, would report to the Council on their implementation, providing a baseline against which progress could be measured. Recent consultations with the provisional institutions had indicated, however, that the benchmarks had not yet been internalized as their own goals. The Special Representative of the Secretary-General had emphasized the importance of the "standards before status" concept, noting that, while it had been widely accepted in Kosovo, concrete actions in that direction had yet to be seen.

17. The Council Mission in its interventions supported the "standards before status" approach and the prioritization of the rule of law, economic development and the return of internally displaced persons and refugees. It also supported the extension of UNMIK's authority to northern Mitrovica and welcomed UNMIK's cooperation with Belgrade and with the international security presence on this issue. The Mission felt that it was important that the same administrative system was applied throughout Kosovo. The Mission supported the initiative of the Special Representative of the Secretary-General for a "decentralization plan" for Kosovo, underlining the importance of developing such a plan in consultation with the local communities and in accordance with European standards. The Mission welcomed the improved cooperation between UNMIK and the Federal Republic of Yugoslavia, and noted the importance of enhancing that cooperation.

18. *On 14 December, the Mission met with representatives of the provisional institutions of self-government, namely the President of Kosovo, Ibrahim Rugova; the Prime Minister, Bajram Rexhepi; the President of the Assembly, Nexhat Daci; and the Inter-Ministerial Coordinator for Returns, Milorad Todorovic.*

19. The Kosovo Albanian representatives reported significant progress over the past three and a half years, including the improved security situation; the creation of a functioning police service; and the establishment of provisional institutions of self-government. They assessed the car bombing in Pristina, on the eve of the Mission's arrival, as sending the wrong message about the security situation, which, they noted, had in fact been improving. Economic development, including the need to address the high unemployment rate, implementation of privatization and integration of ethnic minorities remained priorities. The productive working relationship between the provisional institutions and UNMIK had been encouraging, but a further transfer of authority should be discussed and accelerated. While admitting that Kosovo's status remained an open issue, an early recognition of Kosovo's independence was advocated as a means of accelerating the democratization of the region and economic development in Kosovo. Some believed that placing standards before status was ineffective — rather both should be pursued simultaneously. They maintained that it was difficult to implement the standards required without a concomitant level of responsibility, and that some standards could not be achieved without defining the status of Kosovo. Nevertheless, the provisional institutions were committed to continuing cooperation with UNMIK in efforts to create a tolerant democratic society. The President of Kosovo warned that confirmation of the Serbia-Montenegro Constitutional Charter could generate problems in the region.

20. The President of the Assembly pointed out that, although ethnic Albanians constituted 90 per cent of Kosovo's current inhabitants, minorities occupied 34 per cent of the seats in the Kosovo Assembly, which demonstrated the level of respect for minority rights in Kosovo. The fact that the Kosovo Assembly was the

only parliament in the region to adopt a resolution on the return of minorities also illustrated the Assembly's commitment to respecting the rights of all residents and to supporting the rule of law. With regard to Kosovo's Government, relations, including inter-ethnic relations, within the Cabinet were excellent. The Government was also engaged in affirmative action, offering employment to minorities.

21. The Inter-Ministerial Coordinator for Returns provided a different assessment. The Kosovo Serb population had little reason to be satisfied with the degree of progress, since two thirds of the Kosovo Serb population remained displaced. Kosovo Serbs experienced difficulties in all areas, from health and education to the use of their language and alphabet. Inside Kosovo, freedom of movement for minority communities remained unsatisfactory. While unemployment among Kosovo Albanians was high, it was even higher within the Kosovo Serb population. The issue of missing persons continued to complicate the political situation and impede reconciliation between the two communities. "Standards before status" was supported as the appropriate approach to the situation in Kosovo and the representative called for implementation of the decentralization strategy. All representatives, regardless of ethnicity, supported the goal of achieving European standards.

22. The Mission emphasized the "standards before status" approach and the responsibility of the provisional institutions for assuming the competences transferred by the Constitutional Framework for the benefit of all inhabitants. The Mission further underlined the provisional institutions' responsibility for working together with UNMIK for the full implementation of resolution 1244 (1999) and stressed the importance of full cooperation with the Tribunal. Underlining international support for a democratic, pluralistic and multi-ethnic Kosovo, the Mission urged the Government to see itself as the government for all the inhabitants of Kosovo and not just as the representatives of its own electorate. In this context, the Mission called upon the representatives to demonstrate clear leadership in promoting reconciliation and the inclusion of all communities. The international community sought progress in this field and closely monitored developments. The Mission called upon the Kosovo leaders to publicly denounce acts of violence, hate speech and expressions of intolerance.

23. Noting that the rule of law was the foundation for a democratic society and for economic development, the Mission warned that lawlessness affected all communities and undermined all efforts to create a prosperous and democratic Kosovo. The Mission encouraged the provisional institutions to work closely with UNMIK and other international organizations (Council of Europe, OSCE, European Union) for the realization of the benchmarks, and towards achieving European standards. The Mission stressed that, above all, the provisional institutions must take responsibility for the inclusion of all communities and the respect for human and civil rights, as well as the respect for law and order in Kosovo. The importance of increased cooperation between Pristina and Belgrade was also underlined.

24. *Also on 14 December, the Mission met with representatives of the Kosovo Assembly, including members of major Kosovo Albanian political parties and the Kosovo Serb coalition (Povratak), as well as representatives of other ethnic communities.* The Assembly members were deeply divided along ethnic lines in their assessment of the current situation. The mainstream Albanian parties pledged to work towards the establishment of the rule of law and democracy for all communities in Kosovo. They asserted, however, that their efforts had been restricted by a lack of authority and by the Special Representative's reserved powers. To make the provisional institutions more efficient, Kosovo Albanian representatives requested that the authority of the provisional institutions be further extended. Some of the representatives claimed that substantial self-government in Kosovo had already been achieved with the establishment of provisional institutions. A new Security Council resolution was therefore needed. Some requested that the Security Council address the issue of Kosovo's status. The most extreme suggestions went as far as changing UNMIK's mandate and limiting it to monitoring functions, or transferring the monitoring task to the European Union, with the continued presence of NATO, until final status, which would respect the right of self-determination, was recognized.

25. Kosovo Serb representatives said they believed that the positive changes which had occurred in Kosovo had not affected the situation for the ethnic Serb minority. They emphasized, in particular, the lack of the freedom of movement and neglect for the cultural rights of minorities, insufficient returns and the

destruction of churches. The Kosovo Serb representatives urged UNMIK to be more proactive on the issue of returns and on the protection of the rights of minorities. Representatives of other Kosovo minorities had been better integrated into Kosovo's institutions but, nevertheless, encountered a lack of attention from the international community to their specific problems and some pending issues relating to their cultural rights.

26. The Mission supported the "standards before status" approach of the Special Representative of the Secretary-General, emphasizing that the earlier the benchmarks were achieved, the earlier the status issue could be approached. Standards were also important for economic development, as without stability and the rule of law no foreign investments should be expected. The Mission noted that the Security Council remained committed to Kosovo and urged the Assembly members to denounce ethnic hatred and focus on the future. The Mission underscored the responsibility of the Assembly and all its representatives and political parties to assume the competences transferred by the Constitutional Framework for the benefit of all the people in Kosovo, and emphasized the importance of observing democratic procedures in the working of the Assembly. A special emphasis was given to the inclusion of, and respect for, the views and interests of all communities important for a democratic, stable and prosperous Kosovo. The Mission underlined the responsibility of all representatives and political parties, to work together with UNMIK for the full implementation of Security Council resolution 1244 (1999), stressing that a "result-oriented" approach by all parties to legislative work was essential. The Mission urged the Assembly members to seek consensus, noting that a constructive opposition was vital for a functioning democracy.

27. It further underscored the importance of increased cooperation between Pristina and Belgrade. Participation in the work of the Assembly was necessary in order to promote the interests of the communities. Non-participation led to a lack of representation and the loss of any possible influence on the legislative process. The Mission noted that each community had a different agenda, and emphasized that multi-ethnicity was the only way forward, and urged the communities to engage in a constructive dialogue. It is most important for the different communities to learn to listen to each other and not to speak past each other.

28. *On 14 December, members of the Mission met with families of missing persons.* Representatives of the families of missing persons noted the support provided by UNMIK and by the Special Representative in clarifying the fate of some 3,500 missing persons. This included a recent UNMIK organized exhibltion of personal effects that allowed the identification of some of the missing. The relatives of the missing persons sought the Mission's assistance in receiving relevant information from the Serbian and Yugoslav authorities on the fate of their family members, including opening records believed to be in possession of Serbian courts for review by the Tribunal. The Mission noted the need to address this important issue and undertook to study the material presented and take appropriate action.

29. *At KFOR headquarters on 15 December, the KFOR Commander, Lieutenant General Fabio Mini, briefed the Mission on the security situation and the main tasks and challenges of the international security presence.* KFOR had assessed that a safe and secure environment existed in Kosovo, punctuated by some acts of violence. It had continued its weapons searches at crossing points and within Kosovo, and the number of reported weapons discovered at crossing points had decreased, although that could be only a seasonal phenomenon. Principal challenges to public security concerned the continuing existence of inter-ethnic violence, organized crime and social and political extremism. The perception among the minorities was that insecurity was growing. An information campaign was important in addressing that perception and KFOR continued to provide static guards at certain patrimonial sites and to provide escorts. Regrettably, a large number of churches had been destroyed in the first months of the mission. More recently, the debate on final status could fuel extremism and impact the security situation and therefore needed to be carefully managed.

30. While KFOR maintained and developed a climate of safety and security, it also continued to support UNMIK and to decrease the level of dependency on KFOR. It supported UNMIK in its fight against organized crime, but did not assume law enforcement responsibilities in that regard. That support included the transfer of appropriate responsibility to the civil authorities, so as to facilitate KFOR's withdrawal from large-scale framework operations. The handover of

responsibilities would proceed as the civilian bodies were ready. The transfer, or "unfixing", was a common strategy between KFOR and UNMIK, involving decisions based on a common threat assessment and agreement between both parties. Some tasks remained purely military in nature; others could be carried out by UNMIK police and the Kosovo Police Service. KFOR was also working closely with UNMIK in the process of transferring civilian functions at Pristina Airport, and would continue to fulfil certain functions at the airport. KFOR had recently restructured itself into four brigades from the previous five, and troop levels had been reduced accordingly. The number of troops currently stood at 27,188, from a top strength of 49,400 in December 1999. The further restructuring and downsizing of KFOR would not affect its ability to operate and would be based upon an assessment of the security situation. Overall, the cooperation and coordination between UNMIK and KFOR were excellent.

31. The Mission supported the efforts of KFOR and acknowledged that the presence of KFOR continued to be an essential factor of stabilization and security in Kosovo and in the region. Minority communities continued to look to KFOR for their security. It noted that the security situation had improved over the last year and that KFOR could take credit for this development. The Mission expressed deep concern at the influence of organized crime on Kosovo, while acknowledging that it was not a phenomenon exclusive to Kosovo but one that affected the entire region and needed to be solved through a regional approach. It took note of the support provided by KFOR to the efforts of UNMIK and the local authorities in combating organized crime.

32. *Also on 15 December, the Mission visited Mitrovica and held a series of meetings, the first of which was a briefing on the Kosovo Trust Agency and the process towards privatization by Andy Bearpark, the Deputy Special Representative of the Secretary-General for Economic Reconstruction (European Union pillar).* The Deputy Special Representative stated that there had been a notable improvement in the economic situation. A significant amount of reconstruction had been carried out; the road system was functioning; and Kosovo had the highest growth rate in Europe for the past three consecutive years, albeit from a very low baseline. UNMIK had successfully fostered a change from the former cash-based economy to the use of banks.

33. The current economic situation was, however, based on the presence of the international community with its significant spending power, the large aid programme and remittances from the diaspora. During the past year, inflows resulting from the international community's presence had decreased, as organizations began to downsize heavily. The amount of donor funding had decreased, from €650 million in 2001 to €437 million in 2002 and was projected to fall to €271 million in 2003. Serious economic decline, with its related problems, was forecast for 2004. Normally, a decline in grant funding would be offset by access to international financial institutions, but this had proved difficult, given Kosovo's unresolved status. UNMIK was working with the World Bank and the International Monetary Fund to find a creative solution to obtain access. Local political leaders had not yet shown themselves ready to assume responsibility for such long-term economic decisions. Organized crime and, more worrying, institutionalized corruption, were further impediments to economic development.

34. Direct investment was needed in order to drive economic development forward. Privatization would attract the private sector to invest, although it would not solve all of Kosovo's economic problems. Enterprises had to be brought into the private sector in order to bring in investment, promote trade and create employment. The appropriate vehicle to achieve this goal was the Kosovo Trust Agency (KTA). It was responsible for privatizing (or liquidating) some 550 socially owned enterprises and for managing the transition and transformation of publicly owned enterprises. The Agency did not have the mandate to privatize publicly owned enterprises. The KTA headquarters had recently been relocated to northern Mitrovica, to foster economic development in the north.

35. It was estimated that only a small number of socially owned enterprises were economically viable, most of them in agricultural processing. The KTA board had recently approved the first wave of 25 firms to be offered for sale as "flagship privatizations". It was hoped that the tenders would be published early in 2003. Privatization alone would not produce income or employment, but it would free productive capacity. Any funds generated would be frozen to cover potential claims from owners and creditors. Privatization would

result in the loss of non-essential jobs in socially owned enterprises. UNMIK had been in constant dialogue with authorities in Belgrade on the issue of privatization.

36. *During the visit to Mitrovica, the Mission also held a meeting with representatives of Kosovo Serb and Bosniac civil society, the majority of whom were women.* These representatives observed that northern Mitrovica was the only truly multi-ethnic city in Kosovo. Their perception of the situation in the rest of the province, characterized by increased insecurity and a complete lack of freedom of movement, uncontrolled sale of property, absence of returns and the slow pace of decentralization, was not positive. Kosovo Serbs were looking for and requesting their basic rights, including freedom of movement, education, freedom to exercise their religion, access to health care and the use of their own language and alphabet. The economy and the employment situation in the north had to improve. Previously, 85 per cent of Serbs worked for socially owned enterprises; now, none of them were employed. Kosovo Serbs had had no chance to benefit from the international humanitarian assistance phase, which was now coming to an end. Without such assistance, Serbs in the north would be unable to cope, especially as connections with Belgrade were being cut by UNMIK.

37. The low voter turnout in northern Mitrovica had been the local Serb reaction to existing conditions. Those who had voted were unable to visit elected Assembly representatives in Pristina, who themselves had to travel there by armoured vehicle. Where such basic guarantees were found wanting, it was questionable whether participation in Kosovo's self-governing institutions would bring results. Expressing a different view, one representative advocated the need to look forward. While it was difficult to acknowledge that Kosovo Serbs had become a minority, it should be accepted. Nevertheless, there was a minimum below which they could not go. Decentralization should have been implemented prior to holding the recent elections.

38. Kosovo's Serb and Albanian communities had lived together in the past without incident. For the past three years the international community had tried to force them to think about living together again. It would be possible to live together once more, but the issue should not be forced. One representative urged that time pass and business be allowed to take hold to help draw the two communities together. Other representatives placed greater emphasis on the need to improve freedom of movement before concentrating on the economy. The Bosniac representative believed that UNMIK could have done more to prevent the departure of Bosniacs from Kosovo through, for example, a veto on the sale of property.

39. The situation ultimately required a political solution. People would not remain in Kosovo if they did not have prospects. Conditions were more dramatic in the minority enclaves. A mono-ethnic Kosovo would be the end result. A path towards Europe was crucial, even though to date the majority community had been built up to European standards while the non-majority communities had been left behind.

40. The women of northern Mitrovica experienced the same problems as women around the world. They were well educated and capable of making a positive difference if they were given the chance and support. Women could also contribute to the development of civil society and play an important role in reconciling communities.

41. The Mission referred to its messages, made at the reception the preceding evening. The Mission wanted Kosovo to be a multi-ethnic, inclusive society. It appealed to the representatives to integrate and find a life within Kosovo. The Mission had also called upon the Kosovo Albanian leaders to make room for the minorities to live in Kosovo. The Mission believed that if there were a multi-ethnic society in Kosovo integration into Europe would be easier. The Mission also wanted a unified Kosovo, and so supported UNMIK's actions in Mitrovica. In order for the economy to function and to attract investment, Kosovo needed to become a normal society. The former situation of reliance upon socially owned enterprises would not return. Something new must be built. Until recently, Mitrovica had been divided and was not attractive to investment. The Mission encouraged the representatives to look to the future, not to the past. The Mission also supported returns. It stressed that all extremism must stop and that everyone should try to be more pragmatic. There were a lot of practical problems that needed to be dealt with, and everyone should work together and focus on these issues. The Mission cited the Security Council resolution on women, peace and security and noted the special role and ability of women to help in conflict situations. The Mission was aware of all the problems and difficulties that the Kosovo Serbs were facing. The international presence

was important to help solve the problems and to create an atmosphere for their resolution.

42. *Also during the visit to Mitrovica, the Mission received a briefing from the Special Representative, and the Regional and Municipal Administrators of Mitrovica, on the evolution of the UNMIK presence in northern Mitrovica and the status of implementation of its Mitrovica strategy.* The former parallel administration was an incomplete continuation of the pre-conflict municipality. It did not operate fully, but only in certain limited areas. The establishment of UNMIK authority had been smooth, but required continuous follow-up to become self-sustaining. Excellent coordination with KFOR had contributed to the successful implementation of the strategy. Over 550 applications, many from staff of the former parallel structure, had been received for only 70 positions. Quick-impact projects were ongoing and university education in the Serbian language was now available. It was important to return Kosovo Albanians to the north and Kosovo Serbs to the south. The economic situation in the north, however, remained precarious.

43. The real challenge remained security and overcoming the fears of both communities. Reconciliation had been blocked for a long time by the parallel structures. UNMIK supported reconciliation, but believed that it had to come from within if it was to have a fundamental effect; it could not be imposed. UNMIK would continue to promote inter-ethnic dialogue through trade, business, returns and other practical issues. Continued political and financial support from the international community was key to this process. Those who wanted to create two municipalities did not truly want a multi-ethnic society. The presence of an office of the Federal Republic of Yugoslavia/Republic of Serbia Coordination Centre in northern Mitrovica was acceptable if the office provided a liaison function only and not a parallel administration.

44. *On 15 December, the Mission met with the Presidents of the Municipal Assemblies in Mitrovica region, namely, the President of Leposavic municipality, Velimir Bojovic; the President of Mitrovica municipality, Faruk Spahija (LDK); the President of Srbica municipality, Ramadan Gashi (PDK); the President of Vucitrn municipality, Muharrem Shabani (LDK); the President of Zubin Potok municipality, Slavisa Ristic (DSS); and the President of Zvecan municipality, Dragisa Milovic (DSS); three of them are Kosovo Albanians and three Kosovo Serbs.*

45. The Presidents of Mitrovica, Srbica and Vucitrn municipalities were encouraged by the past developments in Mitrovica region and expressed gratitude for the support of UNMIK and the Special Representative of the Secretary-General in that regard. The Kosovo Albanian community was trying to assist UNMIK to establish a society based on the rule of law and human and minority rights standards. There were several recent examples of projects that had been undertaken by Albanian and Serb communities that demonstrated that coexistence was possible. More needed to be done, however. They acknowledged the need for joint cooperation and encouraged further economic opportunities for the region. The decision to open an UNMIK office in northern Mitrovica was welcome. However, to ensure long-term cooperation regarding Mitrovica, the consolidation of the office, in line with resolution 1244 (1999), was necessary. Full transparency was paramount. They expressed the hope that UNMIK would also maintain cooperation with the citizens of Mitrovica as well.

46. The Presidents of Leposavic, Zubin Potok and Zvecan municipalities welcomed the opportunity for the representatives of all the municipalities to meet together for the first time. The Kosovo Serb population living in Mitrovica was less than satisfied with the implementation of resolution 1244 (1999). They expressed the hope that the mission in Kosovo would not come to an end before the resolution had been fully implemented. They expected the international community to focus in the coming year on the return of the Serb and other non-Albanian communities to Kosovo. Full freedom of movement and security for minority communities was a prerequisite. That included the need for assistance from international donors to returnees, as well as investment in the economic infrastructure of Mitrovica. While the Kosovo Serb community was in favour of the rule of law in Kosovo, it should apply to all communities. They noted that statements by Kosovo Albanian representatives in favour of Kosovo's independence would mean that the Serbs of Kosovo would not dare to stay. While northern Mitrovica was truly a multi-ethnic society, the same could not be said for the rest of Kosovo.

47. The Mission referred to the statement made by the Head of Mission the previous evening in which all

the Mission's messages were contained. The Council supported and applauded standards before status. It wanted Kosovo to be multi-ethnic and multi-national. The rule of law should be the basis for normalcy, and this would attract investment.

48. *Also on 15 December, the Mission visited the Kosovo Police Service School in Vucitrn, where they were briefed by the Director of the School, Steve Bennet, and the Police Commissioner, Stefan Feller, as well as a high-ranking KPS officer, Colonel Ahmeti, and met with a multi-ethnic group of KPS officers.* The Kosovo Police Service School was central to building the KPS. It offered, besides a basic training course, a range of specialized and advanced courses. While basic training continued, the school had turned its focus towards supervision and management and specialized in-service training. The institution-building pillar (OSCE) continued to operate the School at full capacity while transition was going on within its administrative and instructional functions. International staffing levels had been reduced from a peak of 267 (early 2001) to 86. Concurrent to this reduction and as an ongoing process, national staff were training for national professional officer status to fill the administrative posts previously held by international staff. After a period of operational duties, fully trained KPS officers had returned to the school to become trainers.

49. UNMIK police and KPS were a single organization and present throughout Kosovo. It had been deliberately established as one entity to ensure a seamless transition to a sustainable local police service in the future. Now there were more trained KPS officers (5,545) delivering police services in Kosovo than UNMIK police officers (4,500). KPS officers included 16 per cent minority and 16 per cent female members. The goal was to have 6,530 KPS officers in 2004, and to continue the handover of police stations to full KPS control, the first having occurred in Gracanica on 15 November. The merit-based competitive system of recruitment was highly selective. Some 23 per cent of KPS officers were former police officers. Despite initial pressure in northern Mitrovica not to join KPS, a sufficient number of applications had been received. It had evolved into a police service that was trusted and respected by the inhabitants of Kosovo. The transition was moving towards all stations under KPS control, with international police being responsible only for monitoring and advising. UNMIK police had set up an internal mechanism to address complaints. The Mission welcomed the positive developments in creating a truly multi-ethnic police service.

50. *On 15 December, the Mission met with leaders of returnees from Kosovo Albanian and Kosovo Serb communities and the Municipal Assembly President in the Gnjilane municipality, as well as with representatives of the Office of the United Nations High Commissioner for Refugees (UNHCR) and non-governmental organizations.* Sustainable returns were one of the major priorities for UNMIK. UNMIK and its partners were guided by a strategy based on the principle of a bottom-up approach: meeting the needs of internally displaced persons and refugees for employment, health care and access to public services; linking demand and opportunities for return; and facilitating inter-ethnic dialogue at return sites.

51. UNHCR and non-governmental organization representatives indicated that, for sustainable returns, the trust of the local population was required. This could be achieved through organizing meetings and making no distinction between returnees and the local population. Income-generation projects were of ultimate importance, relieving returnees from humanitarian assistance. Returns in the context of the reconstruction process made those communities more attractive for further returns.

52. UNHCR considered returns in the context of the protection of human rights. Building infrastructures around returns facilitated the rehabilitation of the entire community, thus making the local population more receptive and promoting the integration of returnees. Applying that approach had enabled returns to mixed communities in the Gnjilane area. Some 5,800 members of minority groups had returned to Kosovo, mostly to the Gnjilane region. Although that number represented perhaps 2.5 per cent of internally displaced persons and refugees from minority communities in Kosovo, it formed a basis for working for higher levels of returns.

53. Limited freedom of movement and discrimination in the delivery of social services, together with economic factors, particularly the high level of unemployment, remained constraints for returns. Proactive positions of the provisional institutions, the involvement of municipal authorities and donor support were necessary to overcome those obstacles. UNMIK

was seeking donor funding of €30 million for returns in 2003.

54. *The same day, the Mission visited the Pristina Municipal Assembly, where it met with deputies from various political parties.* Most of the Assembly members noted the improvement of the security situation. They expressed support for the decentralization concept on the assumption that it would mean the transfer of power to municipalities rather than the creation of ethnic enclaves. The conversion of KPS into a municipal police was suggested. Municipal Assembly members believed that the current economic situation was the major obstacle for returns. In their opinion, the municipality was not in a position to provide housing, jobs and schools for potential returnees. In that connection, one Kosovo Albanian representative referred to the "standards before status" concept, and stated his belief that sustainable returns were possible only after standards were reached. Some Kosovo Albanian Assembly members believed that ethnic Serbs did not want to integrate and accept the new reality in Kosovo.

55. The only Serb member of the Municipal Assembly was pessimistic about the progress achieved. She was concerned that, of some 44,000 Serbs who lived in Pristina before the war, few remained in the city; Serb cultural sites had been destroyed; and no Serbs had been employed in the major Kosovo enterprises. The decentralization concept and regulation No. 2000/45 on local municipalities gave minorities a chance to coexist in Kosovo, providing a necessary security mechanism. Restoring the property rights of the minorities was an urgent priority and progress was too slow in that regard. Representatives exchanged harsh words when it came to describing the situation of the Serb minority in Pristina.

56. The Mission noted the importance for all communities to learn how to live together and urged the Assembly members to reject extremism of all kinds. The Mission further encouraged them to look to the future and seek moderation.

57. *Also on 15 December, the Head of Mission, accompanied by some Mission members, met with a group of Kosovo women representing some of the different ethnic communities, members of the political establishment and civil society.* Members of the Kosovo Assembly representing the ethnic majority followed the line of the mainstream Kosovo Albanian parties, indicating the progress achieved and calling for the expeditious transfer of power to the provisional institutions of self-government and for Kosovo's independence. Standards and status should therefore be applied on a twin track, particularly because some standards could not be accomplished without status. Referring to suggestions of conditional independence that had been made by some think tanks over the past year, they called for Kosovo to be given immediate independence but to remain an international protectorate. They claimed that the minority had been integrated and a dialogue had already begun with the Serb community. Some asserted that a multi-ethnic Kosovo would be possible only when the standard of living became attractive not only to the local population but also to immigrants. Members of the Assembly were concerned that their law-making role was restricted by the reserved powers of the Special Representative of the Secretary-General and believed that new laws should replace outdated legislation promulgated during the prior regime. While 34 members of the Assembly were women, none served in the Government.

58. The civil society representatives emphasized that women of different ethnicities were working together on peace-building projects but did not receive any support from UNMIK or from OSCE. The Bosniac community member complained that the concerns of her community had been neglected, and stressed that the multi-ethnicity concept should apply to all minorities, not only to Serbs.

59. The Head of the Mission emphasized that women had an important role to play in reconciliation and called on them to build consensus in the society. He urged the majority to be inclusive and the minority to participate in Kosovo institutions. The Head of the Mission reiterated the Security Council's support for the "standards before status" concept, emphasizing that no investments could be expected without that.

60. *On 16 December, at the end of the visit, the Mission and the Special Representative held a joint press conference at Pristina. The Head of the Mission provided a general overview of the activities of the Mission. He reconfirmed the statement issued on 14 December (see annex I) and noted the positive progress that had been made since the Council's last visit (see annex II). Thereafter he and the Special Representative responded to questions.*

61. *On the same day, the Mission, accompanied by the Principal Deputy Special Representative, had separate meetings in Belgrade with the President of the Federal Republic of Yugoslavia, Vojislav Kostunica, the Prime Minister of Serbia, Zoran Djindjic, and the Deputy Prime Minister of Serbia and President of the Coordination Centre of the Federal Republic of Yugoslavia and the Republic of Serbia for Kosovo and Metohija, Nebojsa Covic.*

62. The Yugoslav and Serbian authorities noted progress in Kosovo, particularly the recent municipal elections, the establishment of provisional institutions of self-government, the appointment of Serbian judges and prosecutors and good relations between Belgrade and UNMIK. They supported the establishment of a multi-ethnic society in Kosovo. But, Kosovo remained far from this goal. The security situation required further improvement. The slow pace of returns, the lack of respect for the human rights of minorities and the destruction of the Serb cultural heritage in Kosovo were of concern. They did not believe that one could claim serious improvement unless there was a significant return of internally displaced persons, which had not yet occurred. Verbal support and attempts to address these issues were insufficient — concrete results were necessary. The key to improving the situation was decentralization and returns. The Prime Minister expressed his personal sentiment in favour of creating specific central structures to guarantee the collective rights of minorities. The Federal Minister for Foreign Affairs later spoke along similar lines.

63. The authorities of the Federal Republic of Yugoslavia favoured a direct dialogue between Belgrade and Pristina, and noted that earlier invitations to the Kosovo Albanian leadership to open such a dialogue had been rejected. They believed that UNMIK could facilitate such a dialogue by promoting contacts between Belgrade and influential bodies or groups in Kosovo. President Kostunica noted that the first areas of cooperation should be concrete and focus on issues of concern to all communities and the region. The improved relations between the Federal Republic of Yugoslavia and Albania were noted as a positive development.

64. The authorities of the Federal Republic of Yugoslavia supported the "standards before status" approach. Kosovo's final status should not be prejudged, for example, through the structure of the stabilization and association process for Yugoslavia. The time was not yet ripe for final status discussions because the standards had not yet been fulfilled. Mr. Djindjic believed that, when the time was ripe, the options for the final status of Kosovo should be measured against their consequences. All interlocutors believed that Kosovo's future should be considered in the regional context and in the European prospective. In this regard, Mr. Djindjic proposed a democratic European strategy for the entire region.

65. Mr. Covic emphasized the continuing relevance of the provisions in the Common Document of the Federal Republic of Yugoslavia and UNMIK, and he called for the Council's full support for its implementation. The authorities of the Federal Republic of Yugoslavia supported Serb participation in Kosovo institutions. Such participation, however, would be meaningful only if minorities would truly benefit from it and their voice was heard. President Kostunica noted that parallel institutions in northern Mitrovica would not exist anymore.

66. The issue of privatization of Kosovo's enterprises was raised, and the constructive dialogue with the economic reconstruction pillar (European Union) was noted. The problem of debts owned by Kosovo was also raised, together with Kosovo's direct access to international financial institutions. Organized crime, smuggling and corruption remained a problem for the region and were concrete areas where cooperation between Belgrade and Pristina could prove fruitful. UNMIK's efforts to foster a regional approach to these issues, such as the recent conference on cigarette smuggling held at Pristina, were appreciated.

67. The Mission underlined the importance of Belgrade's full cooperation in the implementation of resolution 1244 (1999), which the Mission supported. It stressed the need for full cooperation with the Tribunal. Also, the resolution of outstanding issues in Kosovo could be achieved only in dialogue among all affected parties. There could be no right of veto, but neither could there be any exclusion of legitimate interests or parties. The Mission welcomed the improvement in relations between Belgrade and UNMIK, and underlined the importance of continuous cooperation between Belgrade and UNMIK. It was important that Kosovo Serbs be encouraged to participate fully in the provisional institutions of self-government. The Mission appealed to Belgrade to encourage Kosovo Serbs to be constructive partners in

these institutions. The Mission was committed to promoting the return of internally displaced persons and refugees to Kosovo. The respect for security, human and civil rights was vital for stability and prosperity in Kosovo, as well as throughout the region.

68. *Later that afternoon the Mission met with representatives of the Serbian Association of Families of Missing Persons.* Representatives of the families of missing persons appealed to the Mission to help to resolve the fate of some 1,300 Kosovo Serb and other non-Albanian individuals who had gone missing before, during and, especially, after the arrival of the international presence in Kosovo. Noting that 2003 would mark the fourth anniversary of their disappearance, the representatives urged UNMIK and the relevant international organizations, as well as the Government in Belgrade, to do more to find out what had happened to them. The members of the Mission heard several compelling personal accounts from the relatives of the missing persons and, underlining the importance of resolving the fate of the missing from all communities as a matter of priority, promised to study closely the information provided to them at the conclusion of the meeting and to take appropriate action.

69. *On 17 December, the Mission met with the Federal Minister for Foreign Affairs, Goran Svilanovic.* Mr. Svilanovic noted good cooperation with neighbours and stressed the need for the Kosovo issue to be put in a regional framework within which political issues, such as minority problems and the establishment of European standards, should be included. Regional cooperation, particularly the improvement of relations between the Federal Republic of Yugoslavia and Albania, could be helpful for improving the situation in Kosovo. Cooperation on the fight against trafficking and corruption was also of importance. A regional economic agenda included cooperation on the establishment of free trade areas; transport and communication; agriculture; the regional energy market; and new technologies. Cooperation between Belgrade and Pristina could be developed on practical issues such as crime prevention and energy. Mr. Svilanovic believed that "quick fixes" could jeopardize the situation in the region. A longer-term European prospective was more viable. The enlargement of the European Union could be a tool for resolving the Kosovo issue.

70. The return of internally displaced and missing persons remained highly important and emotional issues. Security, the efficiency of the elected institutions, public services and education also remained priority areas. Mr. Svilanovic believed that Kosovo Serbs should be encouraged to stay in Kosovo and supported the facilitation of a dialogue within communities and between them.

71. The Mission noted the complexity of the situation in Kosovo, affected by distrust and apprehension on both sides. It underscored that the majority should take responsibility for the well-being of the minority and that the minority had to participate in the work of the local institutions. Minorities must enjoy better security and improved freedom of movement. The Mission noted the difficulties related to the return of minorities but expressed hope for a possible improvement in the situation. The Mission encouraged the authorities of the Federal Republic of Yugoslavia to persuade Kosovo Serbs to participate in Kosovo's local institutions. The Mission objected to parallel structures in Kosovo and expressed appreciation for the role of the Federal Republic of Yugoslavia in the resolution of the situation in Mitrovica. Belgrade's enhanced cooperation with UNMIK was welcomed. Members of the Mission noted the substantial progress in Kosovo but acknowledged that the situation there remained fragile. In this regard, the importance of the benchmarks approach and a reconciliation process had been emphasized. Members of the Mission stressed that, whatever the future status of Kosovo, it would need to relate to the region. An eventual expansion of the European Union could provide a unique opportunity for the Federal Republic of Yugoslavia to join the European Union set of standards.

72. *On 17 December, at the end of the visit, the Mission held a press conference at Belgrade. The Head of the Mission provided a general overview of activities of the Mission. Thereafter, he responded to questions.*

IV. Findings of the Mission

73. Since the last mission of the Security Council to Kosovo, the Mission finds notable progress in several areas as regards the implementation of Security Council resolution 1244 (1999). Elections held for the Kosovo Assembly in 2001 and the municipalities in 2002 have led to the formation of the provisional institutions of self-government and the new municipal

assemblies. The process of handing over power and responsibilities to the local institutions continues. There is also progress in the area of the rule of law. Crime rates are down and security is improving. The Kosovo Police Service continues to increase in numbers, and the judiciary is in the process of being re-established — both of them as multi-ethnic bodies. For the first time, there is a larger number of minority returnees than those leaving. Nevertheless, the overall figures of internally displaced persons and refugees from minority communities returning remain low. The Mission noted a sharp contrast between the number of returnees and those who still remained internally displaced, and the daunting task that lies ahead and the financial implications of this task. There is also progress in the preparations for the privatization process. Cooperation between UNMIK and Belgrade has improved. The establishment of UNMIK administration in the northern part of Mitrovica has been necessary for the implementation of a uniform standard of administration throughout Kosovo and marks an important move against parallel institutions. The Mission believes that UNMIK's presence in the northern part of Mitrovica is an important step forward for the normalization of living conditions in the city.

74. The Mission in this respect is impressed by the work of UNMIK and KFOR, and it also notes the interest in and dedication to this work by some members of the communities in Kosovo.

75. The formulation of benchmarks for the realization of standards is a constructive approach for the further development of Kosovo as a democratic, multi-ethnic society. The Mission looks forward to the next report on UNMIK with a further detailing of the benchmarks so as to measure progress. The Mission hopes that the benchmarks can be worked out with local authorities in Kosovo to build local "ownership" of them. The Mission holds the view that "standards before status" is the only viable way forward.

76. The Mission was consistent in its message to all interlocutors regarding standards before status, multi-ethnicity and integration of all communities, and their responsibility for the full implementation of Security Council resolution 1244 (1999). It urges the newly elected bodies to use their competencies, transferred in accordance with the Constitutional Framework, for the benefit of all inhabitants. The Mission stresses the importance of participation by all communities in the work of elected bodies.

77. The Mission notes that, in spite of these positive developments, the situation remains fragile in Kosovo. Much work remains to be done, both by UNMIK and the Kosovo institutions and communities. This covers, inter alia, the rule of law, sustainable return, local ownership of Kosovo's progress, democratic development, inter-ethnic reconciliation and dialogue, cooperation between Pristina and Belgrade 'and the fight against organized crime.

78. The firm establishment of the rule of law is central to achieving security, functioning democracy and sustainable economic development. Even though there has been notable progress in this area, the Mission finds that a continued strong effort is necessary to achieve the goals in this area.

79. The sustainable return of minorities is a precondition for a multi-ethnic society. A considerable amount of attention and resources should be dedicated to this issue. Even more than financial assistance, there is a need for region-wide and local commitment to supporting conditions for sustainable return. Security, confidence-building and economic viability are all vital factors that must be addressed in order to achieve a significant, sustainable and successful return process. This is a responsibility for all levels of Kosovo society. UNMIK should, together with local institutions and civil society, continue to work with a comprehensive approach in order to move the return process forward.

80. Reconciliation and dialogue measures are paramount in this regard. One important contribution to reconciliation between the communities is the resolution of the fate of the missing persons from all communities. UNMIK is encouraged to press forward on these issues in consultation with ICRC, KFOR, the provisional institutions and concerned local non-governmental organizations and with Belgrade. UNMIK is requested to keep the Council regularly informed. The Council is urged to continue to follow the issue.

81. The Mission points out that the progress achieved so far has been driven to a large extent by the international community. The Mission has the firm impression that local ownership and commitment to these processes has been less than could have been expected. It is important that UNMIK make further efforts to involve the local institutions and political leaders in the practical formulation and implementation of political goals and strategies. A case in point is the

further specification and implementation of the benchmarks for the eight standards articulated in the "standards before status" policy. A greater degree of local ownership of, and commitment to, the realization of these standards is a prerequisite for their ultimate successful implementation. Naturally, the communities themselves also have a critical responsibility in this regard.

82. The recently held municipal elections were conducted in a well-organized and non-violent fashion. Participation levels were on average disappointingly low, especially so as regards Kosovo Serbs. Greater effort must be made to promote participation in the political process in Kosovo. Effective participation by all communities in these institutions is a prerequisite for a functioning democracy in Kosovo. Special emphasis is given to the inclusion of, and respect for, the views and interests of all communities by the local institutions. The Mission stresses a "result-oriented" approach through consensus.

83. The Mission underscores the necessity that elected representatives act in a responsible and solution-oriented manner to provide basic services for the inhabitants of their municipalities. The Mission emphasizes that the handing over of responsibilities from UNMIK administrators to the locally elected bodies needs to be done in a way that ensures local ownership and accountability. There are huge tasks for the municipal assemblies to address. Municipalities have a particular responsibility to foster dialogue, reconciliation and conditions for sustainable return and to act against corruption. UNMIK should support efforts in this regard.

84. The Mission urges UNMIK, in consultation with local institutions and elected representatives, to further elaborate the proposal for a decentralization of competences to municipalities without delay.

85. It is the opinion of the Mission that the time has come for cooperation between Pristina and Belgrade on practical issues. UNMIK should consider the ways and means of facilitating such contacts and practical cooperation. The provisional institutions of self-government should take steps within their competences to make this possible.

86. The Mission underscores the importance of viewing developments in Kosovo in a regional perspective. Events in Kosovo have an impact on the surrounding region and vice versa. This is not only linked to political issues but also to security, law and order and economic development. The Mission points to the need for regional cooperation in order to, for example, effectively combat organized crime, including trafficking.

87. In the light of the many difficult issues yet to be resolved, the Mission is of the view that continued substantial international engagement in Kosovo will be necessary for the foreseeable future.

88. The Mission would like to express its appreciation to the Special Representative, Michael Steiner, and the staff of UNMIK for their efforts to realize the decision of the Security Council. The Mission likewise expresses its gratitude to General Fabio Mini and KFOR. The implementation of resolution 1244 (1999) remains high on the Security Council's agenda, and the Mission is impressed by the hardworking dedication of the men and women of UNMIK, local and international, working together with local and international partners to fulfil (the objectives of) this resolution.

Annex I

Remarks made by the Head of the Mission at Pristina on 14 December 2002

The Security Council is focused on three key issues in Kosovo: standards before status, multi-ethnicity and integration.

We fully support the eight standards articulated by the Special Representative to the Secretary-General, Michael Steiner, as the yardstick for measuring Kosovo's progress. We also strongly endorse his priorities: "standards before status". The foundation of all other standards is the rule of law.

The people of Kosovo have much to do to achieve these standards. Verbal support is not enough. Real efforts must be made on the ground to make the standards reality. Kosovo is still a long way from having truly functioning democratic institutions and a society in which minorities can fully participate.

UNMIK has reached the stage of transferring responsibilities to Kosovo's provisional institutions; the more the institutions demonstrate they can execute the responsibilities they already have, the more they will be given.

Nothing is more important than a demonstrated commitment to multi-ethnicity, not only in words but also in deeds.

All habitants of Kosovo must be able to live in security and dignity.

A Kosovo where members of minority communities are oppressed will face a bleak future of self-isolation.

Nothing would make a more powerful, positive impression on the international community than significant and sustainable returns of displaced people.

As the majority, Kosovo Albanians must take responsibility for the security of members of minorities and their full access to public services.

All people of Kosovo must reject violence and condemn extremist and terrorist activities.

At the same time, members of minorities must integrate into Kosovo society. Parallel institutions have no future; integration is the only way forward.

We recognize Kosovo's progress in establishing inclusive democratic institutions. Now Kosovo's elected leaders must ensure that they operate democratically.

That means the majority respecting the rights and role of the minority. As the Secretary-General said on his visit here, "Democracy is not 'winner takes all'".

The Security Council fully supports the assertion of UNMIK's authority in the northern part of Mitrovica.

Recent progress in Mitrovica represents a major step in making Kosovo a multi-ethnic and integrated society founded on legitimate authorities and the rule of law.

Improving the quality of life in Kosovo is now almost entirely in the hands of the people of Kosovo themselves.

No unilateral steps will determine Kosovo's final status. The United Nations Security Council will, in consultation with all concerned, ultimately determine Kosovo's final status.

Those who have Kosovo's best interests at heart will focus all their energies on making progress towards the eight standards.

All the standards are important. Kosovo must demonstrate its commitment to building a multi-ethnic society based on the rule of law. This will determine whether Kosovo is seen as a problem or as a partner by the international community.

Annex II

Statement made by the Head of the Mission at a press conference held at Pristina on 16 December 2002

You all have heard my speech on behalf of the Security Council from Saturday. The message of the Security Council has been consistent. What we have experienced here in Kosovo only underscores the validity of this message.

But I have to say compared to what we saw 18 months ago, there has been substantial progress.

The establishment of institutions is a major step forward. The security situation has improved significantly. The KPS is taking on increasing responsibility for law and order. The return process is under way, albeit on a small scale. The process of privatization is on track.

We are impressed by the work of UNMIK and KFOR as well as the dedication shown by local political leaders.

It is important that this work continues. The first steps have been taken. Much more remains to be done. This is vital if Kosovo is to become a multi-ethnic and democratic society.